



Office of the City Manager
City Hall – Thirteenth Floor
455 North Main
Wichita, Kansas 67202



January 5, 2002

The Honorable Mayor Bob Knight and
Members of the City Council
City of Wichita
Wichita, Kansas

Dear Mayor and Council Members:

Presented to the Mayor and City Council is the 2002-2011 Capital Improvement Program (CIP) document as adopted by the governing body. The program represents a projection for infrastructure construction and reconstruction over the next decade.

Highlights

The schedule of new capital projects represents the efforts of the City to address critical infrastructure needs based on evaluations of:

- Need for new capital construction to support community growth and development.
- Existing infrastructure reconstruction requirements.
- Capital investments necessary to improve services to the public.
- Coordination with available Federal and State grant funding.
- Local financing capabilities based on prior City Council policy determinations, including designated mill levy support (approximately 10 mills) and use of local sales tax revenues primarily for freeways, as well as a limited amount annually for arterials and bridges.

CIP Development and Capacity Forecasting

The development of the CIP was coordinated by the CIP Administrative Committee, which includes senior staff from City departments. The development process included:

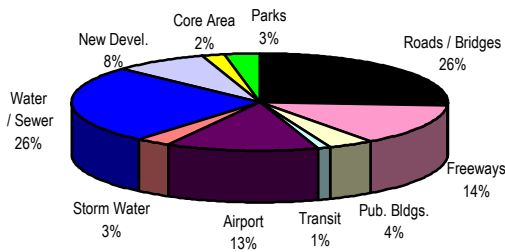
- Confirmation of existing debt obligations and funding sources required to defray existing costs.
- Verification of all open/outstanding capital projects which require future debt financing.
- Projection of revenues and expenditures on a multi-year basis, first to meet existing debt obligations and then to project debt-financing capacity for new capital project costs.
- Proposals for future capital project costs based on the past CIP and Staff's understanding of City Council and community needs to the extent that future costs can be sustained given projections of the revenue stream and debt capacity.

The CIP meets existing debt service obligations as well as future debt obligations for current capital projects and new capital projects approved for 2002-2011.

Capital Improvement Program

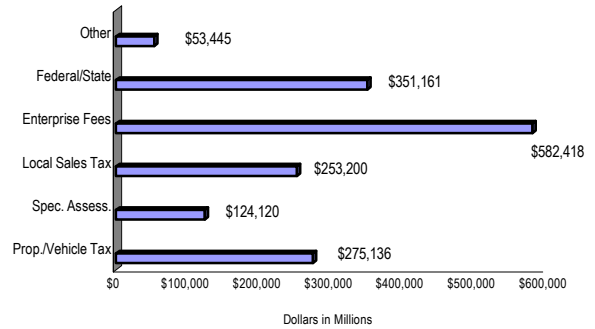
The adopted 2002-2011 Capital Improvement Program is approximately \$1.6 billion over the ten-year period totaling more than 365 projects. As shown in the chart below, the City's CIP is diverse in meeting capital needs for new and reconstructed roadways, bridges, freeways, parks, public facilities, railroad grade separations, infrastructure for new development, public transit, and City enterprises (water, sewer, storm water, airport and golf). Key components to meeting the community's infrastructure needs while, at the same time, keeping the burden to local taxpayers as low as possible are State, Federal and Other revenue sources that supplement this program. Note that approximately one-quarter of the total program, more than \$400 million, is comprised of these funding sources. Moreover, the ability to meet the schedules contained within this document depends upon maintaining outside resources.

2002-2011 Capital Improvement Program \$1,639,480



This Capital Improvement Program is funded from several sources: the property tax (10 mills) comprises 17 percent of resources; Local sales tax (LST) revenues fund 15 percent of the capital program; while enterprise revenues (from water, sewer, storm water, airport, and golf) fund 35 percent. State and federal funding, much of it leveraged with local matching funds, totals 21 percent of total resources. Special assessments fund 8 percent, and other sources, including the County and public-private partnerships, provide 3 percent of Capital Improvement Program resources.

Capital Improvement Program 2002-2011 Revenues \$1,639,480



The City finances capital projects in a variety of ways: general obligation bonds/notes, revenue bonds, grants, and cash. The most significant of these is general obligation (GO) bonds based on the full faith and credit of the City. GO bonds provide debt financing not only for property tax funded projects, but for capital projects with debt paid by enterprises (e.g. Airport, Golf, Storm Water) and special revenues (e.g., Guest Tax). Based on generally accepted accounting principles, the debt service payments for GO debt are spread either to the Debt Service Fund or the various enterprise and internal service funds, as appropriate. Since no single fund in the City's annual operating budget shows all GO debt, a debt service schedule has been included which reports all GO-related debt.

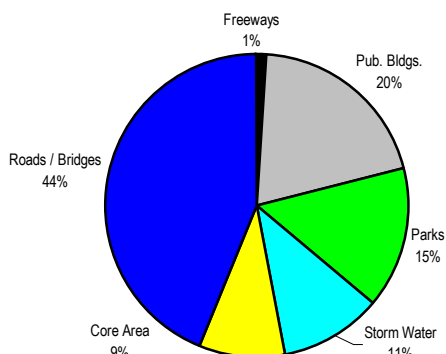
After netting out all capital projects costs paid from enterprise funds, special revenue funds, internal service funds, or debt obligations with specific and restricted funding resources, there remains a group of new "GO At-Large" capital projects which rely principally upon property taxes and discretionary revenue for funding. To the extent the 10-mill levy is reduced (or increased) the scope of proposed At-Large capital projects must be reduced (or increased) as well.

The project types that rely primarily upon property taxes for GO bond repayment are arterial streets, bridges, parks, transit, core area projects, and public buildings.

Partial storm water funding with property tax backed GO bonds is continued in this program. Other capital project costs are funded through various enterprise, internal service, and special revenue funds. The chart below reflects how the CIP allocates General

Obligation At-Large resources. While GO At-Large capital projects are divided into various categories, the City Council always has the policy-making discretion to determine capital project priorities within and between the capital project categories.

**GO At-Large Capital Projects
2002-2011 Expenditures \$275,136,000**



Arterials/Railroads account for 38% of At-Large project costs, comprise 31% of the total capital program, and encompass 95 projects. \$105,323,000 in GO At-Large resources is used to leverage \$180,090,000 in Federal, State, and Private Sector grants. In many cases, there is a 2 to 3 year lead-time for application for grant funding, so it is critical that local funds be available as scheduled.

Bridges category totals \$48,221,000 to reconstruct or repair 24 structures over the next 10 years. Approximately, one-third of funding for bridges comes from Federal grants. Of this total, more than \$6,000,000 is set aside for partial repair of numerous bridges that require less substantial upkeep and maintenance.

Park projects total \$48,221,000, an increase of 37% over the previous CIP; spread over 39 projects throughout the City. Funds for park renovation, new park land acquisition, and new park development are included. Highlights of the Park capital program include developing the Northeast sports complex, rehabilitating Riverside Park, and significant investments in maintenance of existing parks.

Public Buildings include 27 projects and more than \$54,174,000 in At-Large resources. Other funding sources increase total planned expenditures to more

than \$67,629,000 in the public building category. Major projects include a new National Guard Readiness Center, the Fire apparatus replacement program, expansion of the City's maintenance facilities, and fire station construction and relocation.

Core Area projects continue to demonstrate the City's commitment to the vitality of the downtown area. A total of \$25.4 million is allocated for projects such as upgrades to Riverbank improvements and further developments in downtown.

Transit capital funding of \$23.1 million is planned using a combination of Transit revenues and Federal funds for replacement of buses and vans as well as other system improvements.

Storm Water At-Large funding totals \$29.3 million, while utility revenues and other sources fund an additional \$14.4 million in capital projects, with total category expenditures total \$49.6 million. Major projects include drainage improvements along West St. between 1st and 2nd Street, Cowskin/Calfskin creek basin, and the Wichita Drainage Canal.

A number of capital project categories are financed primarily through non-property tax backed sources. Enterprise revenues, local sales tax, primarily provide financing for these improvements or State and Federal grant dollars.

Freeways consist of more than \$233 million worth of projects, approximately 65% of which is funded by a local sales tax (LST). The freeway program emphasizes the construction of interchanges along the U.S. 54 (Kellogg) corridor. In particular, it calls for construction of interchanges at Woodlawn, Tyler, Maize and Rock Road by 2005. Funding right-of-way purchases are included for future interchanges at Webb and Greenwich in East Wichita and at 119th, 135th, and 151st Street in West Wichita. Without outside funding assistance, the projects at Webb, Greenwich and 119th to 151st will not be constructed. Moreover, a failure by the State of Kansas to meet previous commitments to fund the Rock Road interchange, or other projects, will require a reprioritization of the capital program to cover this unexpected shortfall.

The **Airport** CIP consists of 40 projects totaling \$215 million, primarily funded by Airport revenues (\$131

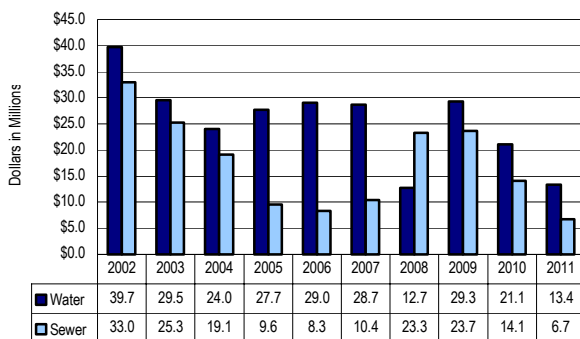
million) and Federal funds (\$82 million). Projects are identified for both Mid-Continent and Jabara airports. Major projects include a parking structure at Mid-Continent and reconstructed aprons and taxiways.

The **Water and Sewer** utility has projects programmed for extension of services to far west and far northeast Wichita to accommodate growth in these sectors of the City. Planned 2002-2011 CIP Water/Sewer capital expenditures are summarized in the table below.

The Water capital plan totals \$255 million. In particular, over \$70 million is programmed for improved transmission facilities throughout the system. Additionally, a second water treatment plant is planned, to be located in northwest Wichita. Expenditures of more than \$106 million are anticipated for developing additional water supplies for Wichita. Water system upgrades are planned as well, such as repairs to the 48" and 66" raw water lines that flow into the water treatment plant. Without these repairs, the system risks pressure problems and property damage due to main breaks that result in pipeline failure. Finally, a Master Plan is under development to study future needs, which may include further expansion of plant facilities.

Planned Sewer capital projects total \$173 million. Highlights of the Sewer CIP include the construction of a new sewage treatment plant in northwest Wichita and the associated collection system that is necessary to accommodate the plant, as well as improvements to existing treatment plant #2. A major investment is also planned in a sewer main replacement program (\$39.5 million) to reconstruct an aging infrastructure.

Water & Sewer Capital Expenditures



Implementation of the Water and Sewer capital projects plans will require utility rate increases, but staff is working to ensure these increases are as low as possible while still able to pay for the required system enhancements.

CIP Maps

The ten-year Capital Improvement Program encompasses the entire City. A graphic depiction of many of the capital projects is shown on the four maps immediately following this letter. The first two maps reflect the entire ten-year Capital Improvement Program. The next two maps detail the projects planned for years 2002-2003. These first two years of the CIP have been established as a capital budget.

Conclusion

The Capital Improvement Program is a diligent effort by staff to reflect the desires of the Council and the citizens of Wichita. Not all projects are funded, and certainly not all projects are scheduled when desired, but this CIP, more than others, addresses needs in the community that result in:

- ◆ Accelerating the construction of Kellogg.
- ◆ Developing a future water supply.
- ◆ Implementing railroad grade separations to facilitate smooth traffic flow.
- ◆ Repairing failing infrastructure. Constructing new infrastructure to address rapid growth at the fringes.
- ◆ Building a new National Guard Readiness Center.
- ◆ Addressing the unclogging of major arterials through access management.
- ◆ Increasing emphasis on building new drainage systems to eliminate flooding.
- ◆ Developing more parking downtown.
- ◆ Enhancing the City's cultural museums.
- ◆ Rehabilitating existing parks, constructing new sports complexes, and constructing new parks.

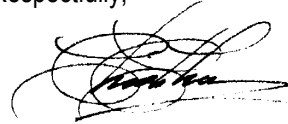
However, not all needs could be met:

- ◆ The Local Sales Tax, by itself, will not be sufficient to construct all elements of the community's planned freeway system.
- ◆ Storm Water projects, despite the addition of At-Large funding, are below projections of critical needs.

- ◆ Funding is included for only one bridge over the floodway in west Wichita. Constructing more than one crossing would require additional funds be identified.
- ◆ Funding for several major new parks is not included beyond initial preliminary design.
- ◆ Other capital projects (in all categories) could not be scheduled within the ten-year CIP.

The City Council has adopted the 2002-2011 Capital Improvement Program. The Council also has approved the 2002-2003 capital budget for purposes of project initiation. Adopting the first two years of the CIP allows staff to initiate the timely implementation of the CIP. The 2002-2003 CIP is a very aggressive capital budget, totaling nearly \$600 million, but when implemented, the community will be better served by the policy decisions reflected in this document.

Respectfully,



Chris Cherches
City Manager

CC/mj

Maps:

- ◆ 2002-2011 Capital Improvement Program
- ◆ 2002-2011 Capital Improvement Program (Downtown)
- ◆ 2002-2003 Capital Improvement Program
- ◆ 2002-2003 Capital Improvement Program (Downtown)